





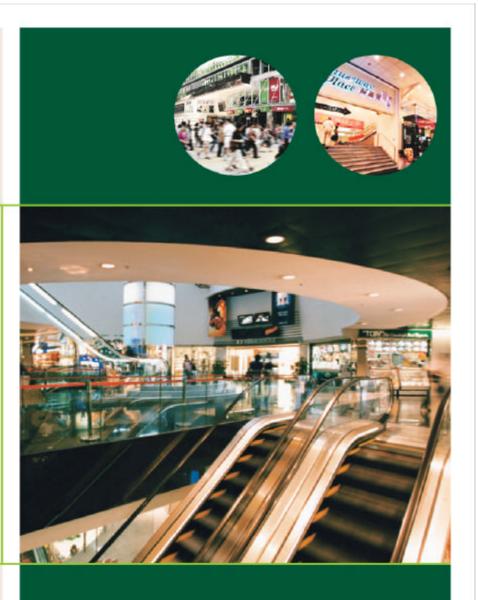


- Financial Highlights
- Business Review
- Prospects
- Open Forum



000

Financial Highlights



Financial Highlights

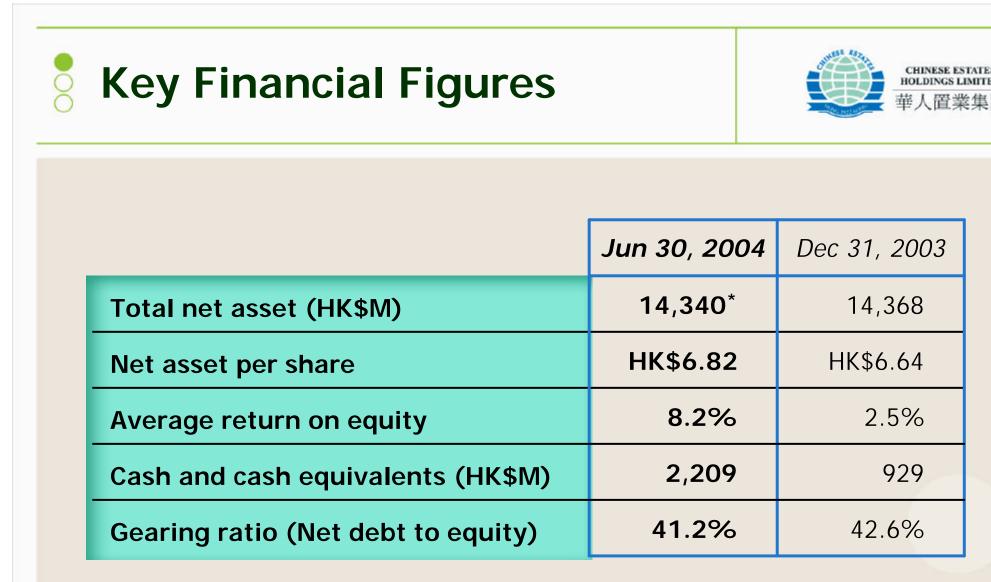




For the period ended Jun 30,	2004 HK\$′000	2003 HK\$′000	Change
Turnover	3,558,763	459,666	+674%
Gross profit	318,193	303,683	+4.8%
Profit attributable to shareholders	588,509	177,506	+232%
Basic EPS	HK27.9 cents	HK7.9 cents	+253%
Dividend per share	HK8.5 cents	HK5.0 cents	+70%
Interest coverage ratio	21.4X	4.0X	

1H2004 Business Summary Gross rental income up 6.4% y-o-y to HK\$ 345.7million Attributed by the acquisitions of Tung Ying Building and Tung Sang Building Positive growth of retail rental as a result of economic rebound Property sales revenue of HK\$138.9 million from Parc Palais, King's Park Improved operational efficiency and implemented stringent cost control - Administrative expenses and finance costs cut by 49.0% and 67.8% y-o-y respectively

- Adopted prudent policy for securities investment
 - Gross profit in 1H2004: HK\$5.3 million
 - Unrealized holding gain as of June 30, 2004: HK\$121.9 million

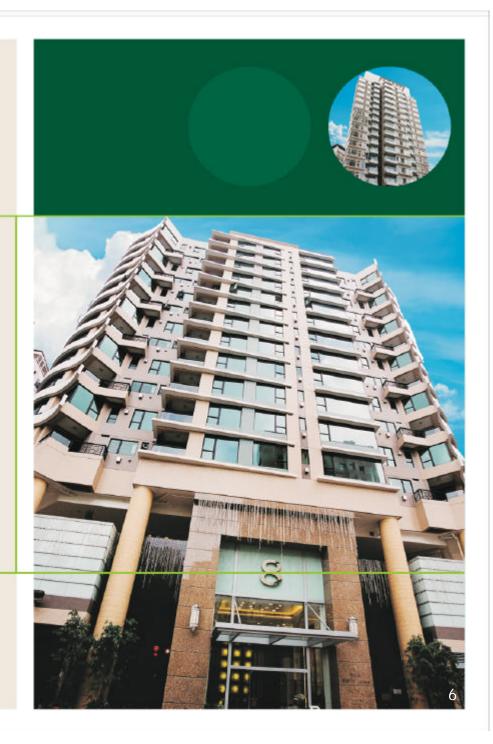


* After 2003 final dividend of HK\$253 million and share repurchase of HK\$361 million



000

Business Review



Property Investment - Retail



- Maintained high customer retention rate and quality tenant portfolio
- Continued to improve tenants' business turnover
- Higher rental for new leases and renewals

Property name	Occupancy rate
Windsor House	97%
Excelsior Plaza	100%
Causeway Place	100%
Wanchai Computer Centre	100%
Slivercord Shopping Arcade	97%
Chic Castle Shopping Arcade	99%

▶ Property Investment - Office ▶ High occupancy rates maintained despite over-supply of office ▶ Office rents have been recovered since 4Q2003

Property name	Occupancy rate	
	4Q2003	2Q2004
Windsor House	94%	96%
MassMutual Tower	86%	86%
Harcourt House	89%	92%
Tung Ying Building	77%	81%

Property Development



- Continued to focus on premium quality and mid to high-end property projects
- Sold 334 residential units of Parc Palais in 1H2004
- Development projects in good progress
- Projects scheduled for pre-sale starting from 2H2004

Investment in PRC	CHINESE ESTATES HOLDINGS LIMITED 華人置業集團
 Satisfactory occupancy rates: 	
 Hong Kong New World Tower, Shanghai 83% for office; 56% for retail 	(34.65% interest):
 Hilton Hotel, Beijing (50% interest): 86% 	
 Lowu Commercial Plaza, Shenzhen – Leve outlets): 98% 	I 1 (79 retail
 PRC investment at around 5-10% of the Gro 	up's assets



Business Outlook in 2H2004



Property Investment

- Positive signal for local economy and retail industry
 - 68-month long deflation has by now levelled off
 - Further relaxation of Individual
 Travel Scheme since July 2004
 - Private consumption expenditure surged by 11.0% y-o-y in 2Q2004
- Retail rental remains strong
- Maintain high occupancy for retail properties in prime locations

Property Development

- Upward momentum for housing demand
 - Recovery of buyers' confidence and affordability
 - Undersupply of quality residential properties
- Economy-driven growth and regaining pricing power
- Sustainable and healthy growth on residential prices

Positive Growth in Rental Income



Property Name Rate of latest	% of tenancy due to review		
	rental renewal	2004	2005
Windsor House	1 Up to 20%	24%	16%
Causeway Place	1 Up to 68%	50%	28%
Wanchai Computer Centre	1 Up to 17%	39%	53%
Silvercord Shopping Arcade	1 Up to 80%	15%	50%

• Rental increment will be fully reflected in FY2005

Properties Available for Sale in 2H2004 - 2006





Property name	Group's interest	Usage	No. of units	Expected launch date ^{**}
Parc Palais, King's Park (remaining portion)	10%	R	187*	in progress
Yeung Uk Road	34.36%	SA/Re	960	End 2004
Sheung Shui DD 100	34.36%	Н	78	Early 2005
Wanchai Road/ Tai Yuen St Phase 1	83.59%	R/Re	652	2005
Mount Beacon	33.33%	R	222	2005
No. 55 Conduit Road	70%	R	47	2006
No. 31 Barker Road	100%	Н	4	N/A***

* As of end of June 2004

**

Subjected to market situation

*** Refer to "Recent Transactions"

H: House / R: Residential / SA: Service Apartments / Re: Retail

Upcoming Property Development Projects (1) CHINESE ESTATES HOLDINGS LIMITED Sheung Shui DD 100 Parc Palais, King's Park AND MADE AND AND A DAMAGE AND A D Wanchai Road / Tai Yuen **Street Redevelopment** Yeung Uk Road, Tsuen Wan 15

Upcoming Property Development Projects (2)



No. 55 Conduit Road, Mid-levels

CHINESE ESTATES HOLDINGS LIMITED



No. 31 Barker Road, The Peak



Mount Beacon, Kowloow Tong

Recent Transactions



- Proposed to dispose properties and assets for total consideration of approx. HK\$659 million
 - No. 31 Barker Road: HK\$400 million + profit sharing arrangement
 - Other residential properties: HK\$166 million
 - Other assets: HK\$93 million
- Unaudited gain: approx. HK\$332 million
- Focus on core competence & redeploy resources on property developments and projects
- Improve balance sheet and cash position

